

Message Text

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47 41

ACTION EB-11

INFO OCT-01 ARA-16 ISO-00 IO-15 AF-10 EUR-25 AGR-20 CEA-02

CIAE-00 COME-00 DODE-00 FRB-02 H-03 INR-10 INT-08

L-03 LAB-06 NSAE-00 NSC-10 PA-03 RSC-01 AID-20

CIEP-02 SS-15 STR-08 TAR-02 TRSE-00 USIA-15 PRS-01

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R 261505Z SEP 73

FM AMEMBASSY KINGSTON

TO SECSTATE WASHDC 3003

INFO AMEMBASSY GEORGETOWN

AMEMBASSY BRIDGETOWN

AMEMBASSY PORT OF SPAIN

LIMITED OFFICIAL USE KINGSTON 3318

E.O. 11652: N/A

TAGS: ETRD, EAGR, JM

SUBJ: SUGAR - GOJ PROTESTS REDUCTION WEST INDIES SUGAR QUOTA

REF: STATE 187355, 189220

1. CHARGE ACCOMPANIED BY ECONOFF CALLED ON PJ PATTERSON MINISTER OF INDUSTRY, COMMERCE AND TOURISM SEPT 25 AT LATTER'S REQUEST. IN PRESENCE OF MINSTAFF PATTERSON STATED THAT HE WAS AWARE CARICOM AMBASSADORS HAD ALREADY MADE DEMARCHE THIS SUBJECT BUT WANTED TO REITERATE GOJ CONCERN AT SUGAR QUOTA REDUCTION. ALTHOUGH FAILURE TO FULFILL QUOTA COMMITMENT WAS FACT, HE WISHED TO POINT OUT FOLLOWING EXTENUATING CIRCUMSTANCES:

1) FALL IN PRODUCTION WAS RESULT OF UNUSUAL CLIMATIC SITUATION IN LAST FEW YEARS ESPECIALLY LACK OF RAINFALL AT CRITICAL PERIODS WHICH LED TO MARKED REDUCTION IN SUCROSE CONTENT.

2) COMBINATION OF DEPRESSED WORLD MARKET PRICES COMBINED WITH INCREASED PRODUCTION COSTS HAD LIMITED CAPITAL AVAILABLE TO

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MODERNIZE SUGAR INDUSTRY. GOJ RECOGNIZED THIS AS URGENT NEED AND

HAD PROVIDED FARMERS GUARANTEED MINIMUM PRICE FOR CANE, ADDITIONAL TECHNICAL EXPERTISE TO SUGAR INDUSTRY AUTHORITY, AND PLANS TO RESTRUCTURE AND RATIONALIZE FACTORY SYSTEM. REDUCTION OF QUOTA ESPECIALLY DISASTROUS WHEN GOJ DOING ITS UTMOST TO MODERNIZE INDUSTRY WITH EVERY LIKELIHOOD FUTURE QUOTA COMMITMENTS COULD BE MET.

2. ON EEC NEGOTIATIONS, PATTERSON STATED LOSS OF US MARKET "PREJUDICIAL" AND QUOTA REDUCTION AT THIS TIME "TANTAMOUNT TO DEATH BLOW". HE COMMENTED THAT GOJ HAD ALREADY BEEN "TREATED BADLY BY US ON DAQ'S AND HOPED (CARIBBEAN) NOT SUBJECT TO ANOTHER AREA OF DEPRIVATION". HE ALSO CITED FACT THAT FULFILLMENT OF COMMONWEALTH SUGAR AGREEMENT QUOTA WAS FINANCIALLY DISADVANTAGEOUS SINCE GOJ RECEIVED APPROXIMATELY US\$40 - 50 PER TON LESS THAT US MARKET PRICE.

3. PATTERSON INDICATED OFFICIAL DISCUSSIONS AMONG CARIBBEAN SUGAR PRODUCERS CONCERNING PROJECTED LEVELS OF PRODUCTION AND ABILITY TO MEET FUTURE QUOTA COMMITMENTS EXPECTED TO BEGIN IN VERY NEAR FUTURE PERHAPS TO BE FOLLOWED BY ANOTHER DEMARCHE BY WASHINGTON AMBASSADORS. HE SPECIFICALLY ASKED IF IMPLEMENTATION OF SECTION 202 OF US SUGAR ACT COULD BE DELAYED TO PERMIT ADDITIONAL REPRESENTATIONS. CHARGE OUTLINED US POSITION AS PROVIDED REFTELS AND TOLD PATTERSON HIS VIEWS WOULD BE FORWARDED TO DEPT.

4. COMMENT: EVEN THOUGH GOJ AWARE QUOTA REDUCTION REQUIRED AS MATTER OF LAW AS OPPOSED TO POLICY, ITS OCCURRENCE AT CRITICAL PERIOD IN AREA'S NEGOTIATIONS WITH EEC WILL BE SEEN HERE IN TERMS OF ONE MORE EXAMPLE OF US INDIFFERENCE TO REGIONS VITAL ECONOMIC CONCERNS.
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